GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:2501
ANSWERED ON:16.08.2004
LOANS TO FARMERS FOR AGRICULTURAL PRODUCTS
Singh Dr. Ram Lakhan

Will the Minister of AGRICULTURE be pleased to state:

(a) Whether the Government has formulated any policy for granting loans to the farmers for agricultural products in the country particularly in Madhya Pradesh;

(b) If so, the details thereof; and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a)&(b) : Yes, Sir. Details are annexed.

(c): Does not arise.

ANNEXURE

Statement referred to in part (a) & (b) of the Lok Sabha Unstarred Question No.250l to be answered on 16-8-2004.Pursuant to the announcement made by the Finance Minister on l8`h June, 2004 containing measures for improving agricultural credit flow and providing credit related relief to farmers, the banks have been advised as under:-

Total flow of agricultural credit which is estimated at Rs.80,000 crore in 2003-04 will be enhanced to about Rs.105,000 crore in 2004-05. This will represent a 30 per cent increase over the flow of credit in the previous year.

(ii) Every effort will be made to enhance coverage of institutional credit, including through KCCs, in line with the higher goal for agricultural credit in 2004-05.

(iii) Commercial banks will make an effort to bring into their fold, on average, at least 100 new farmers at each rural and semi-rural branch during the current year. The goal is to enlarge the universe of new farmers borrowing from banks by about 50 lakh.

(iv) Each rural and semi-urban branch of commercial banks will take up at least two to three new investment projects in the area of plantation and horticulture, fisheries, organic farming, agro-processing, live stock, micro-irrigation, sprinkler irrigation, watershed management, village ponds development and other agricultural activities.

(y) In every district, all commercial backs put together will finance 10 agro-clinics during the current year.

(vi) En order to provide credit to tenant farmers and oral lessees, NABARD will facilitate formation and financing of self-help groups of tenant farmers and oral lessees during the current year.

(vii) Scales of finance will be reviewed to meet the realistic credit needs of farmers, especially capital intensive agricultural operations.

(viii) Debt restructuring will be done by the commercial banks, RRBs and cooperatives under the following heads in accordance with the new guidelines issued by RBI/NABARD:

Farmers in distress - Debts of farmers as on 3151 March, 2004 in districts declared as calamity-affected by the State Government concerned will be rescheduled/restructured. Interest outstanding in the accounts of such borrowers will be clubbed with the principal outstanding on March 31, 2004. and the amount thus arrived at shall be repayable over a

period of five years, at current interest rates, including an initial moratorium of two years.

Farmers in arrears - Loans in default of farmers who have become ineligible for fresh credit as their earlier debts have been categorized as sub-standard or doubtful will be rescheduled as per the guidelines issued by NABARD/RBI so that such farmers become eligible for fresh credit.

OTS for small and marginal farmers - Guidelines for increasing the flexibility of banks and cooperatives to grant a one-time settlement {OTS) for small and marginal fanners who have been declared as defaulters and have become ineligible for fresh credit from lending

institutions will be issued by RBI/NABARD. Management of banks and cooperatives will be,advised to review cases where credit has been denied on the sole ground that a loan account I was settled through compromise or write offs.

In some parts of the country, farmers face acute distress because of the heavy burden of debt from non-institutional lenders (e.g., moneylenders). Bankers wili be permitted to advance loans to such farmers to provide them relief from indebtedness against appropriate collateral or group security.